

Message Text

CONFIDENTIAL

PAGE 01 PARIS 01154 01 OF 02 131846Z
ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 SS-15 STR-06 OMB-01 CEA-01 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 L-03 H-01 PA-01 PRS-01 INT-05 ABF-01
OPR-02 AGRE-00 OES-07 DOE-11 SOE-02 /126 W
-----009013 131952Z /42

R 131811Z JAN 78
FM AMEMBASSY PARIS
TO DEPARTMENT OF TREASURY
INFO SECSTATE WASHDC 4224
AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 01 OF 02 PARIS 01154

PASS STATE FOR EB/EUR, FEDERAL RESERVE, AND COMMERCE
FOR BONN, PASS HERMBERG; FOR LONDON, PASS AMMERMAN;
FOR ROME, PASS DEFALCO; FOR TOKYO, PASS MCCAMEY

E. O. 11652: GDS
TAGS: EFIN, FR
SUBJECT: FORECAST OF FRENCH ECONOMY FOR 1978

REFTEL: PARIS 25252, DATED AUGUST 31, 1977

1. SUMMARY: THERE IS NO REASON TO CHANGE THE 1978
FORECAST OF A REAL GROWTH RATE OF 3.5 PERCENT SUBMITTED
BY REFTEL, ALTHOUGH CHANGES HAVE BEEN MADE IN THE
COMPONENTS OF FINAL DEMAND. THIS FORECAST IS BASED ON
THE ASSUMPTIONS OUTLINED BELOW. DATA FOR THIS FORECAST
BASED ON THE NEW GNP SERIES NOW IN USE BY THE GOF. THE
BALANCE OF PAYMENTS FORECAST IS THE LATEST INTERNAL MOF
FORECAST, WHICH MIGHT BE SOMEWHAT OPTIMISTIC ON THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PARIS 01154 01 OF 02 131846Z

TRADE BALANCE AND NET SERVICES. END SUMMARY

2. ASSUMPTIONS:

(A) RE-ELECTION OF THE PRESENT MAJORITY AND CONTINUA-
TION OF THE MAIN FEATURES OF THE BARRE PLAN AS OUTLINED
IN THE 1978 BUDGET PRESENTATION;

(B) AN ANNUAL RATE OF INFLATION OF BETWEEN 8 AND 9 PERCENT, POSSIBLY DECLINING TO 7.5 PERCENT--QUARTER OVER QUARTER--BY THE END OF THE YEAR;

(C) GLOBAL DEMAND AT ABOUT 5 PERCENT;

(D) AN OIL PRICE INCREASE OF ABOUT 5 PERCENT;

(E) FRENCH FRANC/DOLLAR EXCHANGE RATE BELOW 5 TO 1 THROUGH FIRST QUARTER 1978 AND ABOUT 4.60 TO THE DOLLAR FOLLOWING MARCH LEGISLATIVE ELECTIONS.

(F) NO SERIOUS SOCIAL OR POLITICAL PRESSURES IN AFTERMATH OF LEGISLATIVE ELECTIONS.

3. FORECAST OF FRENCH ECONOMY FOR 1978:

1978 FRENCH TOTAL DEMAND AND OUTPUT -- ANNUAL RATES OF REAL GROWTH

TOTAL CONSUMPTION	2.9
PRIVATE	N.A.
PUBLIC	N.A.
TOTAL INVESTMENT	1.6
BUSINESS	3.0
CONFIDENTIAL	

CONFIDENTIAL

PAGE 03 PARIS 01154 01 OF 02 131846Z

HOUSEHOLD	-1.0
PUBLIC	1.0
STOCKBUILDING	
EXPORTS (INCLUD. SERVICES)	5.7
IMPORTS (INCLUD. SERVICES)	5.5
NET FOREIGN BALANCE	
GIP	3.5

1977 PRELIMINARY ESTIMATES AND 1978 FORECAST YEAR TOTALS;
BILLIONS OF FRANCS; 1970 PRICES 1

TOTAL CONSUMPTION	666.8	686.1
PRIVATE	624.3	N.A.
PUBLIC	42.5	N.A.
TOTAL INVESTMENT	238.3	242.1
BUSINESS	130.5	134.5
HOUSEHOLD	60.3	59.6
PUBLIC	47.5	48.0
STOCKBUILDING	-11.8	-4.2
EXPORTS (INCLUD. SERVICES)	216.1	228.4

IMPORTS (INCLUD. SERVICES) 204.2 215.5
NET FOREIGN BALANCE 11.9 12.9

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 PARIS 01154 02 OF 02 131857Z
ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 SP-02 USIA-06 AID-05 EB-08
NSC-05 SS-15 STR-06 OMB-01 CEA-01 CIAE-00 COME-00
FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04
SIL-01 L-03 H-01 PA-01 PRS-01 INT-05 ABF-01
OPR-02 AGRE-00 OES-07 DOE-11 SOE-02 /126 W
-----009102 131951Z /42

R 131811Z JAN 78
FM AMEMBASSY PARIS
TO DEPARTMENT OF TREASURY
INFO SECSTATE WASHDC 4225
AMEMBASSY BONN
AMEMBASSY LONDON
AMEMBASSY ROME
AMEMBASSY TOKYO

C O N F I D E N T I A L SECTION 02 OF 02 PARIS 01154

GIP 905.2 936.9

1 BASED ON INTERNAL INSEE DATA WITH INFORMAL INSEE
ESTIMATE OF FOURTH QUARTER RESULTS.

4. FORECAST OF FRENCH BALANCE OF PAYMENTS FOR 1978:

(BILLIONS OF FRANCS)

TRADE BALANCE	MINUS 8.0
NET SERVICES 1	PLUS 13.0
NET TRANSFERS	MINUS 12.0
CURRENT ACCOUNT	MINUS 7.0
LONG TERM CAPITAL,	MINUS 25.0
OF WHICH EXPORT CREDITS	(MINUS)(19.0)
ORGANIZED BORROWING 2	PLUS 17.0

CONFIDENTIAL

CONFIDENTIAL

PAGE 02 PARIS 01154 02 OF 02 131857Z

BASIC BALANCE MINUS 15.0
SHORT TERM CAPITAL & ADJUSTMENTS PLUS 15.0

1 SINCE 1976 THERE HAS BEEN A CONSIDERABLE INCREASE IN
NET SERVICES CAUSED MAINLY BY A RISE IN INTEREST
INCOME FROM FOREIGN CREDITS.

2 THE LONG-TERM BORROWING, MAINLY BY GOF ENTITIES,
WHICH IS AUTHORIZED AND CONTROLLED BY THE MOF--E.G.,
ELECTRICITE DE FRANCE, CAISSE DES AUTOROUTES, ETC.
HARTMAN

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC GROWTH, ECONOMIC REPORTS
Control Number: n/a
Copy: SINGLE
Draft Date: 13 jan 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978PARIS01154
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D780020-1024
Format: TEL
From: PARIS
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780165/aaaacczh.tel
Line Count: 186
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 4f23fce3-c288-dd11-92da-001cc4696bcc
Office: ACTION EUR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: 78 TEL AVIV 7, 77 PARIS 25252
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 17 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3777611
Secure: OPEN
Status: NATIVE
Subject: FORECAST OF FRENCH ECONOMY FOR 1978
TAGS: EFIN, FR
To: TRSY
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/4f23fce3-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014